

Internal Revenue Service
Regional Commissioner

Date: DEC 29 1983

Department of the Treasury

Employer Identification Number:

Form Number:

Form 1023

Tax Year:

Key District:

Person to Contact:

Contact Telephone Number:

Gentlemen:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason(s):

Your organization is not one described in IRC 501(c)(3). The information you have submitted to us indicates that a substantial part of your activities is attempting to influence legislation by contacting and urging the public to contact members of a legislative body for the purpose of influencing legislation. That information also indicates that you have made statements on behalf of and in opposition to political candidates.

Attempting to influence legislation (where that activity is a substantial part of your overall program) and campaigning for or against political candidates (whether or not substantial) are activities in which an organization described in IRC 501(c)(3) may not engage.

Contributions to your organization are not deductible under Code section 170.

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. You should file these returns with your key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for an extension of time is granted. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428. You should file returns for later tax years with the appropriate service center shown in the instructions for those returns.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

(over)

Letter 1371(RO) (1-80)

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

[REDACTED]
[REDACTED]
[REDACTED] Chief, Appeals Office

14 JUL 1983

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954.

Information submitted by you indicates that your organization was created by the adoption of a constitution on [REDACTED]. Your purposes, as stated in your application, are to persuade the people of [REDACTED] by education through issuance of a regular newsletter called [REDACTED], to consider governmental policies and actions which may affect the humanness of our society, especially as related to low-income and minority people. You also maintain a part-time lobbyist at the annual sessions of the [REDACTED] legislature.

In part III, question 11, of the Form 1023, application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, you stated that you intend to engage in activities tending to influence legislation because you wish to exercise your freedom of speech by speaking out on behalf of all candidates who are "for" low income and minority people.

The activities in which you engage include publishing a newsletter which encourages people to write their representatives concerning public policy issues, such as nuclear non-proliferation. Also contained in your newsletters are advertisements on behalf of candidates for political office. In addition, you maintain a lobbyist in the [REDACTED] legislature, you have distributed petitions for votes on constitutional amendments in the [REDACTED] elections.

Section 501(c)(3) of the Code provides for the exemption from Federal Income Tax of corporations organized and operated exclusively for religious, charitable, literary, scientific, and educational purposes; no part of the net earnings of which inures to any private shareholder or individual.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Date	7/1/83	7/8/83	7-11-83	7/11/83		

Section 1.501(c)(3)-1 of the Tax Regulations relates to the definition of the organization and operation of organizations described in Section 501(c)(3). It is quoted, in part, as follows:

"(a) Organizational and operational tests. (1) In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. (2) The term 'exempt purpose or purposes', as used in this section, means any purpose or purposes specified in Section 501(c)(3)"

"(b) Operational test. (1) Primary activities. An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. (2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals"

Section 1.501(c)(3)-1(c)(3) of the Income Tax Regulations defines an "action" organization as an organization which as a substantial part of its activities is engaged in attempting to influence legislation by propaganda or otherwise. For this purpose, an organization is treated as attempting to influence legislation if it contacts, or urges the public to contact, members of a legislative body for the purpose of proposing, supporting or opposing legislation, or advocates the adoption or rejection of legislation. An organization is an "action" organization where it advocates, or campaigns for, the attainment of such main or primary objective or objectives as distinguished from engaging in non partisan analysis, study, or research and making the results thereof available to the public.

Section 1.501(c)(3)-(c)(3)(v) of the regulations provides that an "action" organization, though it cannot qualify under Section 501(c)(3) of the Code, may nevertheless qualify as a social welfare organization under Section 501(c)(4) if it meets the requirements of that Section.

Your organization does not meet the organizational and operational test of Section 501(c)(3) of the Code because your purposes are not charitable, religious, or educational, as defined in that section of the Code. In addition you do not meet the criteria of an "action" organization as defined in Section 1.501(c)(3)-1(c)(3) of the Income Tax Regulations, and exempt under Section 501(c)(4) of the Code because you advertise and promote candidates for political office. This is prohibited by Section 1.501(c)(4)-1(a)(2)(ii) of the Income Tax Regulations.

Accordingly, we have concluded that you are not entitled to recognition of exemption from Federal Income Tax under Section 501(c)(3) of the Code, since you are not organized and operated exclusively for charitable, religious, or other exempt purposes within the meaning of Section 501(c)(3).


You are required to file Federal Income Tax Returns.

Contributions made to you are not deductible by the donors as charitable contributions as defined in Section 170(c) of the Code.

If you do not agree with these conclusions, you may within thirty days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

Sincerely yours,


District Director

Enclosures:
Form 6018
Publication 892